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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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	:	
	:	Chapter 7
In re	:	
	:	
JAMES LAY,	:	Case No. 10-12007 (BRL)
	:	
Debtor.	:	
-----	X	
JAMES LAY,	:	
	:	
	:	
Plaintiff,	:	
-against-	:	
	:	
UNITED STATES INTERNAL REVENUE	:	Adv. Pro. No. 10-03265 (BRL)
SERVICE,	:	
	:	
Defendant.	:	
-----	X	

ANSWER BY DEFENDANT UNITED STATES INTERNAL REVENUE SERVICE

Defendant, the United States Internal Revenue Service (“IRS” or “Defendant”), by its attorney, Preet Bharara, United States Attorney for the Southern District of New York, answers the complaint of plaintiff James Lay (“Plaintiff”) upon information and belief as follows:

1. The allegations in paragraph 1 contain conclusions of law and Plaintiff's assertion of subject matter jurisdiction which require no response. To the extent that an answer is required, the allegations are denied.

2. The allegations in paragraph 2 constitute Plaintiff's assertion of venue which require no response. To the extent that an answer is required, the allegations are denied.

3. Admits.

4. The allegations in paragraph 4 constitute Plaintiff's characterization of its complaint and its conclusions of law which require no response. To the extent that an answer is required, the Defendant denies the allegations in Paragraph 4 except admits that the Internal Revenue Service is part of the Department of Treasury and is responsible for tax collection.

5. Admits.

6. In response to Paragraph 6 of the complaint, Defendant incorporates its responses to paragraphs 1 through 5 as though fully set forth herein.

7. Defendant admits that the Plaintiff owes the IRS delinquent federal income taxes, including for those tax years identified on Plaintiff's Schedule E, and the IRS holds a lien against the Plaintiff arising out of Plaintiff's federal income tax liabilities. Defendant denies any remaining allegations in Paragraph 7.

8. Admits.

9. Admits.

10. Admits.

11. Defendant denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 11.

12. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 12 of the complaint.

FIRST AFFIRMATIVE DEFENSE

13. Plaintiff is not entitled to a discharge of his federal income tax debt to the extent it is determined that he willfully attempted to evade or defeat these taxes.

WHEREFORE, Defendant, the United States of America, respectfully prays that judgment be entered dismissing the complaint and granting such further relief as the Court deems proper, including costs and disbursements.

Dated: June 29, 2010
New York, New York

PREET BHARARA
United States Attorney
Southern District of New York

/s/ Louis A. Pellegrino

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